

PREVENTING AND TREATING DIABETES:

Health Insurance Reform and Diabetes in America

Introduction

Skyrocketing health care costs leave an increasing number of Americans uninsured or with less meaningful coverage than they need and deserve—especially the 24 million Americans with diabetes.¹ The results of a recent survey found that 72 million, or 41 percent, of nonelderly adults have accumulated medical debt or experienced difficulty paying medical bills in the past year – 61 percent of whom had insurance.² Any medical event, like the diagnosis of diabetes, could place a person at risk for potentially devastating financial costs, even if they have health insurance.

The prevalence of diabetes more than doubled over two decades from 1986 to 2006,³ making diabetes the fifth deadliest disease in the nation.⁴ And its prevalence is expected to continue to grow in the coming years, as risk factors such as obesity, high cholesterol, and high blood pressure continue to rise.

Families with a member who has diabetes not only shoulder the emotional burden of caring for a sick loved one, but also the economic burden of the growing cost for treatment. Diabetes cost the United States \$174 billion in 2007, an increase of \$8 billion per year over the last 5 years. The total cost is a combination of \$116 billion in direct costs of treatment and \$58.3 billion in indirect costs of lost productivity.⁵

Americans diagnosed with diabetes, whether insured or not, face significant and sometimes devastating hurdles to receiving timely, affordable treatment in our health care system. Health insurance reform seeks to eliminate these hurdles to ensure that people with diabetes, along with all other Americans, get the quality, affordable health care they deserve.

Health Insurance Costs for People with Diabetes

Problem: People with diabetes who have insurance are often exposed to high and potentially ruinous out-of-pocket health care costs.

With each passing year, families face increasing deductibles, copayments, and other cost-sharing requirements, compelling them to make difficult decisions in order to make ends meet. People affected by diabetes are particularly aware of these rising costs, as they have medical expenditures more than twice as high as those who do not have diabetes, with total annual health care costs for a person with diabetes topping \$11,744 in 2007.⁶

Individuals with diabetes are at an increased risk for stroke, heart disease, blindness, amputation and kidney failure, making regular physician visits a necessity to properly manage the disease. Prescription medications including vials of insulin and/or oral medications are also a necessity. And patients with diabetes at home must monitor their blood sugar levels frequently using blood glucose monitors and test strips.



Source ¹⁰

Physicians recommend that people with diabetes test their blood sugar levels two to six times a day. Because most test strips are monitor-specific, a box of 100 test strips can cost up to \$60.⁷ Additionally, the price of a vial of insulin can range from \$30 to \$70, mainly because generic brands are not manufactured in the US. Many patients find that their insurance does not adequately cover these costs, making treatment unaffordable and inaccessible.⁸

While devastatingly high out-of-pocket costs are experienced in households across the nation, households with a family member suffering from diabetes find increasing out-of-pocket costs especially burdensome. A quarter of households that have someone with diabetes have health care costs totaling 10 percent or more of household income, and eight percent have costs that exceed 20 percent of household income.⁹ As a result of such high costs, one in six individuals with diabetes report avoiding or delaying needed medical care because of cost.¹⁰

Cathy, 33, Pennsylvania

Cathy was happy with her husband's job-based coverage until the employer decided to drop coverage for all brand name prescriptions. No generic equivalent for insulin exists. Cathy applied to the manufacturer for free insulin but was turned down because she had health insurance and her husband, a truck driver earning about \$40,000 per year, made too much money. At one point, the couple considered disenrolling from coverage so Cathy could qualify for free insulin.¹¹

Health Insurance Reform Solution: Ensure adequate coverage and limit out-of-pocket costs.

Individuals with diabetes are frequently forced to make decisions based on their finances and not on what is best for their health. Health insurance reform will eliminate annual or lifetime limits on benefits and set a cap on what families pay out of pocket annually for health care. It will also promote transparency and simplicity in comparing plan benefits and costs, so that people can choose the plan that works best for them.

Health Insurance Choices for People with Diabetes

Problem: A diabetes diagnosis limits health insurance choices.

Employer-based coverage in the current insurance market is eroding. From 2000 to 2009, the percentage of employers offering coverage declined from 69 percent to 60 percent – and much of this drop occurred in just the past year under the strains of the current economic recession.¹²

Coupled with employers dropping coverage, more and more Americans are losing their jobs, and subsequently their insurance. Among individuals with employer-based coverage in 2006, one in six lost that coverage by 2008.¹³

When an individual with diabetes loses employer-based coverage, choices for insurance are limited. In 45 states across the US, when a person with a health condition such as diabetes tries to buy health insurance directly from an insurance company through the individual insurance market, insurance companies can charge higher premiums, exclude coverage for certain conditions, or even deny coverage altogether because of a pre-existing medical condition.¹⁴

The current health insurance system does provide limited protections, but many people fall through the cracks. Through COBRA coverage, individuals with diabetes can usually continue their employer-sponsored insurance coverage for an average of 18 months by paying the full premiums themselves (with no employer contribution). Through the Health Insurance Portability and Accountability Act (HIPAA), individuals with diabetes who previously had employer-based coverage can be protected in finding new employer-based and sometimes individual coverage, but this is subject to several conditions, including a 63-day eligibility period.

Because of this, people suffering from diabetes are unlikely to find meaningful insurance coverage in the individual insurance market. One study showed that 80 percent of people with diabetes went uninsured after having lost coverage due to health insurance transitions triggered by job change or layoff, a move, divorce, graduation from college, or a change in income or health status.¹⁵



Source ¹⁵

Erek, 35, Virginia

*Erek exhausted COBRA at the end of May 2003, and immediately started looking for health insurance. Erek was a member of a trade association for the self-employed and thought he could buy health insurance that was offered as a benefit to members, but he was mistaken. Just as his HIPAA election period drew to a close, the trade association informed him his insurance application was denied because of his diabetes. Erek then called the American Diabetes Association and learned about HIPAA. By this time, however, the 63-day period had passed, and Erek was no longer HIPAA eligible.*¹⁶

The hassle, costs, and uncertainty in maintaining coverage lead people with chronic conditions like diabetes to stay in jobs they would otherwise leave in order to retain their health benefits – a phenomenon called “job lock.” This inability to change jobs has been estimated to cost working families \$3.7 billion in forgone wages per year.¹⁷

Phyllis, 43, California

Phyllis and her family have health coverage through her job. She has type 1 Diabetes that is very well controlled. She has never been hospitalized or had other complications. She would like to leave her job in order to spend more time with her two children, but when she looked into buying individual health insurance, nobody would sell her coverage because of her diabetes. Phyllis decided to continue working so that she could remain insured, but she told her caseworker she felt “trapped.”¹⁸

In addition to the inability to find meaningful coverage, if an individual is diagnosed with an expensive condition like diabetes while covered by a non-group market plan, some insurance companies will review his/her initial health status questionnaire for errors. In most states' individual insurance markets, insurance companies can retroactively cancel the entire policy if any condition was missed – even if the medical condition is unrelated, or if the person was not aware of the condition at the time.¹⁹

Health Insurance Reform Solution: Eliminate Discrimination for Pre-existing Conditions and Health Status.

Health insurance companies often use the presence of chronic conditions like diabetes to charge higher premiums and deny coverage. Health insurance reform will prevent any insurance company from denying coverage based on underlying health status, and it will end discrimination that charges people more if they are sick.

Health Insurance Reform Solution: Greater and more affordable choices.

Many individuals with diabetes lack or lose employer-sponsored coverage. Health insurance reform will create a health insurance exchange so families can compare prices and health plans in order to decide which quality affordable option is right for them. Health insurance reform will guarantee every American a choice of quality, affordable health insurance options, even if someone loses a job, switches jobs, moves, or gets sick.

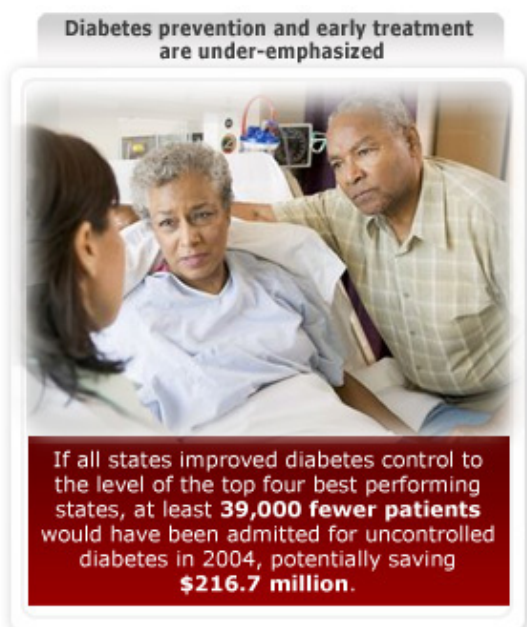
Health Care Quality for People with Diabetes**Problem: Diabetes prevention and early treatment are under-emphasized.**

Pre-diabetes is a condition where blood glucose levels are higher than normal, putting an individual at risk for developing full-blown diabetes. Getting recommended screening tests for pre-diabetes can decrease the chance of developing the disease, because if the disease is caught in the pre-diabetes stage, initiating lifestyle changes can reduce the risk of developing diabetes by 58 percent.²⁰

However, measures that can go a long way to ensure diabetes is caught early, like preventive screenings, are not used often enough. While 1.6 million new cases of diabetes are diagnosed in adults each year, 5.7 million adults and children still do not know they have the disease.²¹

Once diagnosed, too many people with diabetes do not get necessary care to stay healthy and prevent complications down the line. Less than half of adults over 40 receive all recommended yearly tests to

adequately control the disease. As a result, fewer than 60 percent of individuals with diabetes over 40 have their blood sugar, cholesterol or blood pressure under optimal control.²²



Source ²³

There is also significant variation in quality across the country as well. If all states improved diabetes control to the level of the top four best performing states, at least 39,000 fewer patients would have been admitted for uncontrolled diabetes in 2004, potentially saving \$216.7 million.²³

Health Insurance Reform Solution: Preventive care for better health.

If adults received their recommended diabetes screenings, complications and disability could be avoided and thousands of lives could be saved. By ensuring that preventive care is free for all insured Americans and investing in public health, health insurance reform will work to create a proactive system that prevents illness and disease instead of a reactive system that just treats disease after it's too late. For our nation's seniors, health insurance reform will provide a free annual wellness visit under Medicare and eliminate any copayments or deductibles for preventive services.

Health Insurance Reform Solution: Promote high quality care.

Health insurance reform will develop national priorities on quality, standardize quality measurement and reporting, invest in patient safety, and reward providers for high-quality care. As a result, people with diabetes will have better information to support their health care choices.

Health Disparities and People with Diabetes

Problem: Minority communities are hit particularly hard by chronic conditions such as diabetes.

Treating an illness is a costly and stressful ordeal, and minorities are disproportionately affected by chronic diseases like diabetes. Fourteen percent of American Indians, 12 percent of African Americans, and 10 percent of Hispanics have type 2 diabetes.²⁴ These rates of diabetes are greater than in the non-Hispanic White population, which has a rate of only 7 percent.²⁵

Lack of proper health care and health insurance contribute to disparities in health status in minority communities. More than one in three Hispanics and American Indians, and just under one in five African Americans, are uninsured. In comparison, only about one in eight non-Hispanic Whites lacks health insurance.²⁶

Compounding the lack of adequate health care coverage is a lack of a usual source of care and difficulty communicating with health care providers. Half of Hispanics and more than a quarter of African Americans do not have a regular doctor, compared with only one fifth of non-Hispanic Whites.²⁷

And Asian Americans, African Americans, and Hispanics all report having poor communication with their doctor more often than non-Hispanic Whites. For Asians Americans, the gap has increased over time.²⁸

Diabetes requires consistent management to prevent progression of the disease. Proper management and prevention include blood testing (hemoglobin A1C), eye and foot examinations, influenza vaccinations, and cholesterol management. But one survey showed that almost one in three low-income minorities are uninformed about diabetes, leaving them unaware of screenings like hemoglobin A1C tests.²⁹ When diabetes is not managed properly, patients can incur kidney disease and foot amputations as late-term consequences – conditions that are much more likely among Hispanics and African Americans.³⁰

Health Insurance Reform Solution: Expand Quality, Affordable Coverage Options

Part of the gap in health care for many communities is a lack of affordable, accessible health care coverage. Health insurance reform will make affordable coverage options available to all Americans by creating a health insurance exchange and providing premium tax credits to make those options affordable. Reform will also eliminate discrimination in the health insurance market that is based on medical history, including genetic discrimination. Together, these proposals will expand coverage options for minority and low-income populations, enabling them to access high quality care.

Health Insurance Reform Solution: Address Health Disparities

Health insurance reform will take steps toward eliminating disparities that minorities currently face both in their health and in their health care by investing in data collection and research about health disparities, focusing on cultural competency training for health care providers, and providing scholarships and grants to increase diversity in the health care workforce.

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